

Fiscal Services Division

Legislative Services Agency

Fiscal Note

SF 2377 – Unemployment Insurance Modernization (LSB 5473 SV)

Analyst: Ron Robinson (Phone: (515) 281-6256) (ron.robinson@legis.state.ia.us)

Fiscal Note Version – New

Description

Senate File 2377 establishes a benefits extension for individuals enrolled in a training program and provides an alternate method of calculating the base wage period for unemployment benefit purposes.

The Bill also extends benefits to employees that satisfy the following new qualifying events:

- An individual that leaves a job to accompany a spouse for a change of location of the spouse's employment to a place where commuting for the individual is not practical.
- An individual that leaves a job as a result of the illness, injury, or disability of a member of the individual's immediate family.
- An individual that leaves employment for domestic violence or stalking under certain circumstances and allows the employer to be relieved of charges of unemployment benefits paid for the domestic violence or stalking.

The Bill also directs any possible future federal funds, as a result of the Bill, to be appropriated to the Iowa Department of Workforce Development (IWD) for the payment of unemployment insurance benefits or for the administration of the Iowa Employment Security Law under Chapter 96, Code of Iowa, and public employment offices.

The effective and applicability date of the Bill section amending Section 96.3, Code of Iowa, pertaining to extended training benefits, begins on or after July 1, 2008. Sections of the Bill amending Sections 96.4 and 96.5, Code of Iowa, pertaining to the alternative base wage period, become effective and applicable to any claim effectively filed on or after June 29, 2008.

Assumptions

- The benefits extension for individuals enrolled in a training program will not change the number of claimants participating in training programs.
- The alternate method of calculating the base wage period will increase benefits approximately 3.8% annually.
- Adding benefits for the new events specified will not increase the number of employees that currently leave for these purposes.

Fiscal Impact

The benefits extension for individuals enrolled in a training program will not increase annual Trust Fund expenses significantly and will increase annual expenses for the IWD by \$93,000 and 2.0 FTE positions.

An estimated \$73.0 million is anticipated to be available in federal funding contingent on the State's enactment of an alternative base period and other components. Should the federal funding be distributed, the annual Trust Fund expenses, beginning in FY 2009, would increase an estimated \$12.4 million annually and the IWD expenses would increase by an estimated \$256,000 and 5.5 FTE positions annually. Payments by all governmental entities in Iowa would increase by an estimated \$600,000 annually. Data is not currently available to determine the State's share of the possible increase.

The addition of provisions related to the new qualifying events will increase the expenses for the Trust Fund, beginning in FY 2009, by an estimated \$300,000 annually and increase the expenses for the IWD by an estimated \$9,000 and 0.2 FTE annually.

Sources

Iowa Workforce Development Department
Department of Administrative Services

/s/ Holly M. Lyons

March 18, 2008

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
